

WILLOWS UNIFIED SCHOOL DISTRICT
Office of the Superintendent

Date: 10/8/15

Request For Placement on Board Agenda:

AGENDA TOPIC (Action Item):
GANN LIMIT RESOLUTION 2015-16-03

PRESENTER: Debby Beymer, Director of Business Services

Background Information:

November 1979, California voters approved Proposition 4, an initiative that added Article XIII B to the California Constitution. This constitutional amendment, known as the GANN initiative, placed limits on growth of expenditures for publicly funded programs. Division 9 of Title I, beginning with Section 7900 of the Government Code, was then added to law to specify the process for calculating state and local government appropriation limits and appropriation subject to limitation under Article XIII B of the Constitution. These constitutional and statutory sections explain and define the appropriations limit and appropriations subject to limitation as they apply to state and local governments, and require that each entity of government formally adopt its appropriations limit for a given fiscal year.

Education Code 1629 and 42132 specify by September 15th of each year the governing boards of districts shall adopt a resolution identifying their estimated appropriations limits for the current year and their actual appropriation limit for the preceding year. Board action on this item is concurrent with the approval of school districts unaudited/actuals reports.

Recommendations:

Adopt Resolution for 2014-15 actuals and 2015-16 budget.

**BEFORE THE BOARD OF EDUCATION
WILLOWS UNIFIED SCHOOL DISTRICT
COUNTY OF GLENN, STATE OF CALIFORNIA**

RESOLUTION #2015-16-03

RESOLUTION FOR ADOPTING THE “GANN LIMIT”

WHEREAS, in November of 1979, the California electorate did adopt Proposition 4, commonly called the Gann Amendment, which added Article XIII B to the California Constitution; and,

WHEREAS the provisions of the article establish maximum appropriations limitations, commonly called “Gann Limits”, for public agencies including school districts; and,

WHEREAS the District must establish a Gann Limit for the 2014-15 school year and a projected Gann Limit for the 2015-16 fiscal year in accordance with the provisions of Article XIII-B and applicable statutory law;

NOW, THEREFORE, BE IT RESOLVED that this Board does provide public notice that the attached calculations and documentation of the Gann Limit for the 2014-15 and 2015-16 fiscal years are made in accord with applicable constitutional and statutory law;

AND, BE IT FURTHER RESOLVED that this Board does hereby declare that the appropriations in the Budget for the 2014-15 and 2015-15 fiscal years do not exceed the limitations imposed by Proposition 4;

AND, BE IT FURTHER RESOLVED that the Superintendent provides copies of this resolution along with the appropriate attachments to interested citizens of this district.

PASSED AND ADOPTED this 8th Day of October, 2015, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

President, Board of Education

ATTEST:

Clerk/Secretary, Board of Education

I, _____, Clerk/Secretary of the Board of Education of the Willows Unified School District, County of Glenn, do hereby certify the foregoing to be a full, true and correct copy of a resolution adopted by said Board at a meeting held at its regular meeting place on October 8, 2015, which action is contained in the minutes of the meeting of said Board.

	2014-15 Calculations			2015-16 Calculations		
	Extracted Data	Adjustments*	Entered Data/Totals	Extracted Data	Adjustments*	Entered Data/Totals
A. PRIOR YEAR DATA (2013-14 Actual Appropriations Limit and Gann ADA are from district's prior year Gann data reported to the CDE)	2013-14 Actual			2014-15 Actual		
1. FINAL PRIOR YEAR APPROPRIATIONS LIMIT (Preload/Line D11, PY column)	7,566,321.61		7,566,321.61			7,622,143.59
2. PRIOR YEAR GANN ADA (Preload/Line B3, PY column)	1,372.23		1,372.23			1,385.60
ADJUSTMENTS TO PRIOR YEAR LIMIT	Adjustments to 2013-14			Adjustments to 2014-15		
3. District Lapses, Reorganizations and Other Transfers						
4. Temporary Voter Approved Increases						
5. Less: Lapses of Voter Approved Increases						
6. TOTAL ADJUSTMENTS TO PRIOR YEAR LIMIT (Lines A3 plus A4 minus A5)			0.00			0.00
7. ADJUSTMENTS TO PRIOR YEAR ADA (Only for district lapses, reorganizations and other transfers, and only if adjustments to the appropriations limit are entered in Line A3 above)						
B. CURRENT YEAR GANN ADA (2014-15 data should tie to Principal Apportionment Software Attendance reports and include ADA for charter schools reporting with the district)	2014-15 P2 Report			2015-16 P2 Estimate		
1. Total K-12 ADA (Form A, Line A6)	1,385.60		1,385.60	1,385.60		1,385.60
2. Total Charter Schools ADA (Form A, Line C9)	0.00		0.00	0.00		0.00
3. TOTAL CURRENT YEAR P2 ADA (Line B1 plus B2)			1,385.60			1,385.60
C. LOCAL PROCEEDS OF TAXES/STATE AID RECEIVED TAXES AND SUBVENTIONS (Funds 01, 09, and 62)	2014-15 Actual			2015-16 Budget		
1. Homeowners' Exemption (Object 8021)	45,017.02		45,017.02	46,280.00		46,280.00
2. Timber Yield Tax (Object 8022)	0.00		0.00	0.00		0.00
3. Other Subventions/In-Lieu Taxes (Object 8029)	0.00		0.00	0.00		0.00
4. Secured Roll Taxes (Object 8041)	3,329,885.36		3,329,885.36	3,373,436.00		3,373,436.00
5. Unsecured Roll Taxes (Object 8042)	191,646.48		191,646.48	185,257.00		185,257.00
6. Prior Years' Taxes (Object 8043)	164,940.73		164,940.73	0.00		0.00
7. Supplemental Taxes (Object 8044)	68,967.01		68,967.01	0.00		0.00
8. Ed. Rev. Augmentation Fund (ERAF) (Object 8045)	0.00		0.00	0.00		0.00
9. Penalties and Int. from Delinquent Taxes (Object 8048)	0.00		0.00	0.00		0.00
10. Other In-Lieu Taxes (Object 8082)	0.00		0.00	0.00		0.00
11. Comm. Redevelopment Funds (objects 8047 & 8625)	0.00		0.00	0.00		0.00
12. Parcel Taxes (Object 8621)	0.00		0.00	0.00		0.00
13. Other Non-Ad Valorem Taxes (Object 8622) (Taxes only)	0.00		0.00	0.00		0.00
14. Penalties and Int. from Delinquent Non-LCFF Taxes (Object 8629) (Only those for the above taxes)	0.00		0.00	0.00		0.00
15. Transfers to Charter Schools in Lieu of Property Taxes (Object 8096)	(516,894.50)		(516,894.50)	(393,797.00)		(393,797.00)
16. TOTAL TAXES AND SUBVENTIONS (Lines C1 through C15)	3,283,562.10	0.00	3,283,562.10	3,211,176.00	0.00	3,211,176.00
OTHER LOCAL REVENUES (Funds 01, 09, and 62)						
17. To General Fund from Bond Interest and Redemption Fund (Excess debt service taxes) (Object 8914)	0.00		0.00	0.00		0.00
18. TOTAL LOCAL PROCEEDS OF TAXES (Lines C16 plus C17)	3,283,562.10	0.00	3,283,562.10	3,211,176.00	0.00	3,211,176.00

	2014-15 Calculations			2015-16 Calculations		
	Extracted Data	Adjustments*	Entered Data/Totals	Extracted Data	Adjustments*	Entered Data/Totals
EXCLUDED APPROPRIATIONS						
19. Medicare (Enter federally mandated amounts only from objs. 3301 & 3302; do not include negotiated amounts)			203,266.00			251,162.00
OTHER EXCLUSIONS						
20. Americans with Disabilities Act						
21. Unreimbursed Court Mandated Desegregation Costs						
22. Other Unfunded Court-ordered or Federal Mandates						
23. TOTAL EXCLUSIONS (Lines C19 through C22)			203,266.00			251,162.00
STATE AID RECEIVED (Funds 01, 09, and 62)						
24. LCFF - CY (objects 8011 and 8012)	7,288,013.00		7,288,013.00	8,883,795.00		8,883,795.00
25. LCFF/Revenue Limit State Aid - Prior Years (Object 8019)	36,383.01		36,383.01	0.00		0.00
26. TOTAL STATE AID RECEIVED (Lines C24 plus C25)	7,324,396.01	0.00	7,324,396.01	8,883,795.00	0.00	8,883,795.00
DATA FOR INTEREST CALCULATION						
27. Total Revenues (Funds 01, 09 & 62; objects 8000-8799)	12,752,123.45		12,752,123.45	14,358,801.00		14,358,801.00
28. Total Interest and Return on Investments (Funds 01, 09, and 62; objects 8660 and 8662)	14,921.34		14,921.34	9,000.00		9,000.00
APPROPRIATIONS LIMIT CALCULATIONS						
D. PRELIMINARY APPROPRIATIONS LIMIT			2014-15 Actual			2015-16 Budget
1. Revised Prior Year Program Limit (Lines A1 plus A6)			7,566,321.61			7,622,143.59
2. Inflation Adjustment			0.9977			1.0382
3. Program Population Adjustment (Lines B3 divided by [A2 plus A7]) (Round to four decimal places)			1.0097			1.0000
4. PRELIMINARY APPROPRIATIONS LIMIT (Lines D1 times D2 times D3)			7,622,143.59			7,913,309.48
APPROPRIATIONS SUBJECT TO THE LIMIT						
5. Local Revenues Excluding Interest (Line C18)			3,283,562.10			3,211,176.00
6. Preliminary State Aid Calculation						
a. Minimum State Aid in Local Limit (Greater of \$120 times Line B3 or \$2,400; but not greater than Line C26 or less than zero)			166,272.00			166,272.00
b. Maximum State Aid in Local Limit (Lesser of Line C26 or Lines D4 minus D5 plus C23; but not less than zero)			4,541,847.49			4,953,295.48
c. Preliminary State Aid in Local Limit (Greater of Lines D6a or D6b)			4,541,847.49			4,953,295.48
7. Local Revenues in Proceeds of Taxes						
a. Interest Counting in Local Limit (Line C28 divided by [Lines C27 minus C28] times [Lines D5 plus D6c])			9,167.29			5,120.65
b. Total Local Proceeds of Taxes (Lines D5 plus D7a)			3,292,729.39			3,216,296.65
8. State Aid in Proceeds of Taxes (Greater of Line D6a, or Lines D4 minus D7b plus C23; but not greater than Line C26 or less than zero)			4,532,680.20			4,948,174.83
9. Total Appropriations Subject to the Limit						
a. Local Revenues (Line D7b)			3,292,729.39			
b. State Subventions (Line D8)			4,532,680.20			
c. Less: Excluded Appropriations (Line C23)			203,266.00			
d. TOTAL APPROPRIATIONS SUBJECT TO THE LIMIT (Lines D9a plus D9b minus D9c)			7,622,143.59			

	2014-15 Calculations			2015-16 Calculations		
	Extracted Data	Adjustments*	Entered Data/Totals	Extracted Data	Adjustments*	Entered Data/Totals
10. Adjustments to the Limit Per Government Code Section 7902.1 (Line D9d minus D4; if negative, then zero) If not zero report amount to: Michael Cohen, Director State Department of Finance Attention: School Gann Limits State Capitol, Room 1145 Sacramento, CA 95814			0.00			
Summary	2014-15 Actual			2015-16 Budget		
11. Adjusted Appropriations Limit (Lines D4 plus D10)			7,622,143.59			7,913,309.48
12. Appropriations Subject to the Limit (Line D9d)			7,622,143.59			

* Please provide below an explanation for each entry in the adjustments column.

Debby Beymer
Gann Contact Person

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Contact Phone Number

The FISCAL REPORT *32* *informational* *update*

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Volume 35

For Publication Date: September 04, 2015

No. 18

The Gann Limit Calculation—2015

The Gann Limit (named for Paul Gann, the author of Proposition 4, which amended the State Constitution to establish this limit) is intended to constrain the growth in state and local government spending by linking year-to-year changes in expenditures to changes in inflation (represented by per capita personal income) and caseloads (represented by average daily attendance [ADA] for schools). Established in 1979 following the enactment of Proposition 13 and subsequently amended by Proposition 111, the Gann Limit has become a largely pro forma calculation that no longer constrains governmental expenditures. This is because the limit has grown significantly faster than appropriations subject to the limit.

Current law (Education Code section 42132) requires that on or before September 15 of each year, the governing board of each school district adopt a resolution to identify the appropriations limit for the district for the preceding fiscal year. The resolution must be adopted at a regular or special meeting of the governing board.

The state's Standardized Account Code Structure (SACS) software includes the Gann Limit calculation, making your task reasonably simple. The software includes the statewide factor for per capita personal income change of 3.82%, but each district will have to enter the workload factor, which is the change in Second Principal Apportionment (P2) ADA from 2013-14 to 2014-15. The combination of these factors yields the change in your district's Gann Limit.

The next step is to determine how much of your district's local resources are subject to that limit. It is important to understand that not all revenue sources count against your district's Gann Limit. Gann Limits only constrain the appropriations from state and local tax sources, so federal aid is excluded, as well as nontax income, such as revenues from cafeteria sales, adult education fees, and foundations.

Perhaps the easiest way to understand this calculation is to envision the dollar amount of your district's Gann Limit as a bucket. For example, if your current year Gann Limit is \$50 million, picture a bucket that can hold \$50 million. First, put into this bucket local property taxes that count toward your Local Control Funding Formula entitlement, as well as an appropriate portion of your district's interest income. Next, pour all of the district's other unrestricted state aid into this bucket. Under state law (Government Code [G.C.] Section 7906), the amount of state aid that fills up the bucket counts toward your district's Gann Limit, while the amount that overflows the bucket counts toward the state's Gann Limit. In addition, all state aid for categorical programs always counts toward the state's Gann Limit.

Through this process, as much state aid as possible counts toward school agency Gann Limits. By reducing the amount of state aid that counts toward the state's Gann Limit in this manner, this process helps the state avoid being over its Gann Limit.

Through this calculation, the revenues of nearly every local education agency are exactly at their Gann Limit. Furthermore, if any school agency should, for any reason, find itself over its Gann Limit, that agency may adopt a governing board resolution increasing its Gann Limit by the amount needed and then inform the Director of the California Department of Finance, who shall then reduce the state's Gann Limit by an equal dollar amount (reference G.C. Section 7902.1).

To summarize, school agencies are required to perform Gann Limit calculations by the California State Constitution. Also, it is important that school agencies complete these calculations to identify how much state aid counts toward the local agency's Gann Limit, so that the state of California knows how much state aid counts toward its own Gann Limit. Be sure to double check your entries. Because of the severe cuts to education funding during the Great Recession, the Gann Limit should not pose a problem for most districts this year.

[Note: The California Department of Education's software and instructions are available through the SACS2015ALL software as a supplemental form [here](#). The functionality within the SACS software allows for an extract from the school agency's uploaded data into the Gann Limit form. However, it is important to review the completed form for accuracy and any necessary board action (i.e., resolution).]

—*Robert Miyashiro*

posted 08/31/2015